

## OVERVIEW

This report contains 39 paragraphs including three reviews relating to non/short levy of taxes, duties, royalty, fees, interest and penalty etc., involving Rs. 182.02 crore. Some of the major findings are mentioned below:

### 1. General

- The total receipts of the Government for the year 2008-09 were Rs. 9,307.99 crore. The revenue raised by the State Government during the year was Rs. 3,998.73 crore comprising tax revenue of Rs. 2,242.49 crore and non-tax revenue of Rs. 1,756.24 crore. The State Government also received Rs. 837.49 crore as State's share of divisible Union taxes and Rs. 4,471.77 crore as grants-in-aid from the Government of India.

(Paragraph 1.1)

- The arrears of revenue at the end of the year 2008-09 as reported by some departments were Rs. 568.60 crore. Of this, Rs. 167.83 crore was recoverable on account of taxes and duties on electricity from Himachal Pradesh State Electricity Board.

(Paragraph 1.5)

- Test check of the records of sales tax, state excise, taxes on vehicles, goods and passengers, forest receipts and other tax and non-tax receipts conducted during the year 2008-09, revealed under assessments/short levy/loss of revenue aggregating Rs. 267.04 crore, in 1,001 cases. During the course of the year 2008-09, the concerned departments accepted under assessments etc., of Rs. 38.78 crore in 385 cases.

(Paragraph 1.14)

### 2. Taxes on Sales, Trade/VAT etc.

A review of “**Transition from sales tax to value added tax**” revealed as under:

- Non-payment of VAT on rental charges on account of electric meters and service lines collected from consumers by Himachal Pradesh State Electricity Board resulted in non-realisation of revenue of Rs. 14.05 crore including interest.

(Paragraph 2.2.8.3)

- In the absence of any mechanism for cross verification of tax paid by 134 selling dealers, the Assessing Authorities could not ensure the genuineness of Input Tax Credit of Rs. 15.33 crore claimed by the dealers.

(Paragraph 2.2.11.1)

- Excess allowance of input tax credit to 69 dealers on the entire branch transfer/local purchases of Rs. 314.35 crore, instead of on proportionate basis, resulted in loss of revenue of Rs. 2.23 crore.

**(Paragraph 2.2.11.2)**

- Deficient provisions for cross verification of local purchases exceeding rupees one lakh made from a single dealer in a year, resulted in non-verification of genuineness of Input Tax Credit of Rs. 6.06 crore, allowed to the dealers.

**(Paragraph 2.2.13.1)**

- Deficient provisions for deduction of tax at source on hire charges involved in execution of works contract, resulted in non-recovery of revenue of Rs. 56.58 lakh.

**(Paragraph 2.2.14.1)**

- Non-payment of value added tax on the sale of SIM cards and irregular allowance of deduction of material from gross turnover in the case of 34 dealers resulted in non-recovery of revenue of Rs. 4.52 crore.

**(Paragraph 2.2.19.1 and 2.2.19.2)**

- Acceptance of defective/incomplete statutory forms by the assessing authorities and allowing exemption/concessional rate of tax in case of 28 industrial units resulted in short levy of tax of Rs. 10.03 crore in seven districts.

**(Paragraph 2.4)**

- Non/short disclosure of sales of Rs. 2.91 crore by 16 dealers of four districts who sold *khairwood* to a dealer of Sirmour district, resulted in evasion of tax of Rs. 87.40 lakh.

**(Paragraph 2.6)**

### **3. State Excise**

A review of “**Collection of duties and fees on working of distilleries in Himachal Pradesh**” revealed as under:

- Allowance of inadmissible wastage to a brewery licensee in Solan district without provisions in the Act resulted in loss of excise duty of Rs. 1.97 crore.

**(Paragraph 3.2.9)**

- Low yield of spirit from molasses in two distilleries in Solan and Una district resulted in short collection of excise duty of Rs. 4.31 crore.

**(Paragraph 3.2.14)**

- Non-application of distillery rules resulted in non-recovery of license fee of Rs. 2.86 crore on the production of 425.80 quarts of country liquor in five distilleries.

**(Paragraph 3.2.15)**

- In AETC Mandi, 1,05,723.662 proof litres of country liquor and 52,513.188 proof litres of Indian made foreign liquor surrendered by the outgoing licensees. The license fee of Rs. 2.21 crore recoverable from incoming licensees of 2007-08, was not recovered.

(Paragraph 3.4.1.1)

#### **4. Taxes on Vehicles, Goods and Passengers**

- Token tax and penalty of Rs. 1.68 crore for the year 2006-07 to 2007-08 was neither paid by 2,574 vehicle owners nor recovered by 19 registering and licensing authorities.

(Paragraph 4.3.1)

- In seven regional transport authorities, non/short payment of special road tax and non-levy of penalty resulted in non-recovery of Government dues of Rs. 3.23 crore.

(Paragraph 4.3.4 and 4.3.5)

- In RLA, Shimla (Urban), Rs. 20.05 lakh collected during April 2007 to August 2007, November 2007, January 2008 and February 2008 on account of fees and taxes etc. was neither entered in the Cash Book nor found deposited in the Government account. This resulted in embezzlement/misappropriation of Government money.

(Paragraph 4.6)

#### **5. Forest Receipts**

- Non/short charging of costs of 8,329 trees of different species falling in the alignment area of projects/transmission lines etc. resulted in non/short recovery of revenue of Rs. 2.15 crore in eight forest divisions.

(Paragraph 5.3.1)

- In six forest divisions, royalty of Rs. 3.28 crore in respect of 53 lots handed over for exploitation were paid late by the Himachal Pradesh State Forest Corporation, on which interest of Rs. 98.97 lakh was not levied by the department.

(Paragraph 5.3.2)

#### **6. Other Tax and Non-Tax Receipts**

A review of “Assessment and collection of water charges including *abiana* charges” revealed as under:

- Against Rs. 74.61 crore due for assessment on account of water charges, the department assessed Rs. 72.87 crore, resulting in short assessment of Rs. 1.74 crore during the years 2003-04 to 2007-08.

(Paragraph 6.2.9.1)

- Due to non-installation of meters and levy of water charges on flat rates, the Government suffered a revenue loss of Rs. 4.73 crore (calculated on average basis) in 35,847 cases during 2005-06 to 2007-08 in 27 sub divisions.

**(Paragraph 6.2.15.2)**

- Non-levy of surcharge on delayed payments of water charges for bulk supply of water to the committees/municipal corporation resulted in loss of revenue of Rs. 4.03 crore during 2003-04 to 2007-08.

**(Paragraph 6.2.20)**

- Non-deposit of electricity duty of Rs. 102.41 crore by the Himachal Pradesh State Electricity Board resulted in non-recovery of revenue to that extent.

**(Paragraph 6.4)**

- In 34 sub registrars, incorrect determination of the market value of property resulted in short realisation of stamp duty and registration fee of Rs. 1.81 crore in 489 cases.

**(Paragraph 6.5)**